

## Message Text

SECRET

PAGE 01 OTTAWA 07905 311609Z  
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 CCO-00 /026 W  
-----000649 311611Z /45  
Z 311602Z AUG 77 ZFF-4  
FM AMEMBASSY OTTAWA  
TO SECSTATE WASHDC FLASH 4599

S E C R E T OTTAWA 07905

EXDIS

FOR WHITE HOUSE/SECRETARY SCHLESINGER FROM ENDERS

EO 11652: XGDS  
TAGS: ENRG, CA  
SUBJECT: GAS PIPELINE NEGOTIATIONS

1. AS AGREED, I PASSED MESSAGE ON GAS PIPELINE NEGOTIATIONS TO TRUDEAU THROUGH ESTABLISHED CHANNEL AUGUST 29. MESSAGE NOTED US SURPRISE AT ESCALATING YUKON TAXATION DEMANDS COMING AT THIS STAGE OF THE NEGOTIATIONS, ASKED WHETHER THIS REPRESENTED CANADIAN STRATEGY SHIFT AWAY FROM EARLY AGREEMENT, AND INDICATED IMPORTANCE OF GETTING CONVERGENCE AT NEXT MEETING IF PROCESS IS NOT TO DETERIORATE.

2. RESPONSE CAME BACK THIS MORNING AS FOLLOWS:  
---(A) THERE IS NO RPT NO CHANGE IN CANADIAN STRATEGY;  
-----CANADA WANTS AN EARLY AGREEMENT.  
---(B) OTTAWA RECOGNIZES THAT CANADIAN DELEGATION AT  
-----AUGUST 26 SESSION WAS "ILL-PREPARED," AND IN  
-----"SOME DISARRAY." MACEACHEN TRIED TO CORRECT THAT  
-----BY HIS AFTERNOON SESSION PROPOSALS ON LOWER YUKON  
-----TAXATION. HIS INSTRUCTIONS WILL BE TO FIND A  
-----COMPROMISE SOLUTION TO THAT QUESTION.  
---(C) CRITICAL ISSUE FOR CANADIANS CONTINUES TO BE  
SECRET

SECRET

PAGE 02 OTTAWA 07905 311609Z

-----POLITICAL PRESENTATION. CANADIANS RECOGNIZE  
-----IMPORTANCE TO US OF SHOWING CLEAR COST OF SERVICE  
-----ADVANTAGE OVER EL PASO. BUT THAT DEMONSTRATION  
-----"CUTS THROAT OF CANADIAN MINISTERS." AS HE HAS  
-----REPEATEDLY SAID, TRUDEAU WON'T ENTER INTO AN  
-----AGREEMENT HE CAN'T DEFEND POLITICALLY (WHATEVER  
-----ITS OTHER MERITS) AND CANADIAN NEGOTIATORS ARE

-----GOING HAVE TO SHOW THAT THEY WON ON SOMETHING.  
-----SUBJECT OF PRESENTATION SHOULD BE TALKED OUT  
-----FULLY BETWEEN POLITICAL FIGURES ON BOTH SIDES.

3. THROUGH PRESS PLAY ON U.S. DISSATISFACTIONS ABOUT AUGUST 26 TALKS, POSTPONEMENT OF NEXT MEETING, MACWILLIA MACWILLIAM'S PITCHES, AND ABOVE EXCHANGE, CANADIANS HAVE BEEN FULLY SENSITIZED TO NEED FOR MOVEMENT ON THEIR SIDE. ALARM BELLS HAVE BEEN RINGING ALL OVER TOWN, AND ONE OF THE MOST AUTHORITATIVE PLAYERS HERE DESCRIBED THE SITUATION AS ONE OF "CONSTERNATION."

4. I THINK WE'VE EXPLOITED THIS OPPORTUNITY ABOUT AS FAR AS WE CAN. ASSUMING THE CANADIANS DO MOVE TOMORROW, YOU SHOULD ALSO MOVE QUICKLY TO RESTORE AN ATMOSPHERE OF TRUST. REMEMBER THAT THE CANADIANS ARE PATHOLOGICALLY CONCERNED ABOUT BEING TAKEN TO THE CLEANERS, AND THEY ARE QUITE CAPABLE OF STRINGING THIS THING OUT UNTIL THEY'VE COVERED THEMSELVES FROM EVERY ANGLE IF A SENSE OF CONFIDENCE IS MISSING.

5. ON POLITICAL PRESENTATION, I HAVE PASSED TO TRUDEAU THE CONCEPT OF WHAT CANADIAN NEGOTIATORS COULD SAY THEY'VE WON ALONG LINES OF THE LAST MEETING (BETTER COST OF SERVICE, U.S. PAYMENT OF PERHAPS A BILLION IN ESCALATED DOLLARS FOR PART OF WHITEHORSE TO DAWSON LINK  
SECRET

SECRET

PAGE 03 OTTAWA 07905 311609Z

AND MORE EFFICIENT PIPE, UP TO DOLLARS 200 MILLION IN SOCIO-ECONOMIC PREPAYMENTS). ENDERS

NOTE BY OC/T: NOT PASSED WHITE HOUSE.

SECRET

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PIPELINES, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 31-Aug-1977 12:00:00 am  
**Decaption Date:** 22 May 2009  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977OTTAWA07905  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** DG ALTERED PER 77 OTTAWA 8350  
**Executive Order:** X1  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770315-0114  
**Format:** TEL  
**From:** OTTAWA  
**Handling Restrictions:**  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t1977083/aaaaacjj.tel  
**Line Count:** 98  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** bb401054-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION SS  
**Original Classification:** SECRET  
**Original Handling Restrictions:** EXDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** SECRET  
**Previous Handling Restrictions:** EXDIS  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 27-Dec-2004 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1505417  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GAS PIPELINE NEGOTIATIONS  
**TAGS:** ENRG, CA, US  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/bb401054-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009